Statutory Financial Statements, Supplementary Information and Report of Independent Certified Public Accountants

Connecticut Attorneys Title Insurance Company

December 31, 2014 and 2013

Contents

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Report of Independent Certified Public Accountants

Board of Directors and Stockholder
Connecticut Attorneys Title Insurance Company

We have audited the accompanying statutory financial statements of Connecticut Attorneys Title Insurance Company (a Vermont Corporation) (the "Company"), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2014 and 2013, and the related statutory statements of operations and changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's responsibility for the statutory financial statements

Management is responsible for the preparation and fair presentation of these statutory financial statements in accordance with the accounting practices prescribed or permitted by the insurance department of the Company's state of domicile (see Note B to the statutory financial statements). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these statutory financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statutory financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the statutory financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for adverse opinion on generally accepted accounting principles

As described in Note B to the statutory financial statements, the statutory financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the insurance department of the Company's state of domicile, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Adverse opinion on generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Generally Accepted Accounting Principles paragraph, the statutory financial statements referred to above do not present fairly the financial position of Connecticut Attorneys Title Insurance Company as of December 31, 2014 and 2013, or the results of its operations or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The effects on the statutory financial statements of the variances between accounting practices prescribed or permitted by the insurance department of the state of domicile and accounting principles generally accepted in the United States of America described in Note O have not been subjected to the auditing procedures applied in the audit of the statutory financial statements, and accordingly, we do not express an opinion or provide any assurance on the information management disclosed in Note O.

Opinion on statutory basis of accounting

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of Connecticut Attorneys Title Insurance Company as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with the basis of accounting described in Note B.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the statutory financial statements as a whole. The supplemental investment risk interrogatories for the year ended December 31, 2014 are presented for purposes of additional analysis and are not a required part of the statutory financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2014 statutory financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the 2014 statutory financial statements or to the 2014 statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the 2014 statutory financial statements as a whole. It is inappropriate to and we do not express an opinion on the supplementary information relative to accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Glastonbury, Connecticut
April 14, 2015

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus
December 31, 2014 and 2013

	2014	2013
ADMITTED ASSETS		
Cash and invested assets:		
Bonds	$ 39,735,167	$ 47,720,851
Common stocks	5,885,442	6,311,754
Common stock of CATIC Insurance (VT), Ltd.	3,447,473	3,797,235
Real estate occupied by the Company, net of encumbrances and accumulated depreciation	1,614,804	1,685,213
Cash and short-term investments	3,538,401	3,014,723
Other invested assets	2,492,885	1,533,629
Total cash and invested assets	56,714,172	64,063,405
Accounts and other receivables	571,903	523,958
Accrued interest	361,429	409,498
Federal income tax recoverable	31,716	17,160
Receivable from affiliates	10,200	6,048
Deferred income taxes	947,015	1,025,499
Electronic data processing equipment and software, net	167,295	220,023
Title plant	306,463	306,463
Total admitted assets	$ 59,110,193	$ 66,572,054
LIABILITIES AND CAPITAL AND SURPLUS		
Liabilities		
Known claims reserve	$ 2,400,133	$ 1,570,511
Statutory premium reserve	19,659,757	19,427,059
Supplemental reserve	-	89,430
Accounts payable and accrued expenses	1,213,885	2,339,246
Payable to subsidiaries and affiliates	48,499	3,974,517
Premiums received in advance	42,217	64,455
Note payable	2,600,000	2,600,000
Total liabilities	25,964,491	30,065,218
Capital and Surplus		
Common stock, $100 par value, 5,000 shares authorized, issued and outstanding	500,000	500,000
Additional paid-in capital	27,686,333	27,686,333
Segregated surplus	1,000,000	2,000,000
Unassigned surplus	3,959,369	6,320,503
Total capital and surplus	33,145,702	36,506,836
Total liabilities and capital and surplus	$ 59,110,193	$ 66,572,054

The accompanying notes are an intergral part of these statutory financial statments.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Statutory Statements of Operations and Changes in Capital and Surplus
Years Ended December 31, 2014 and 2013

		2014		2013
OPERATING REVENUE				
Title insurance premiums earned	$	59,448,364	$	67,255,402
Other title insurance service fees		3,477,423		3,507,372
Mortgage recording and other service fees		435,174		828,616
Total operating revenue		63,360,961		71,591,390
OPERATING EXPENSES				
Policy claims and loss adjustment expenses		3,662,916		2,351,695
Title insurance commissions		40,227,384		46,052,116
Compensation and benefits		12,945,940		13,107,593
Other general and administrative expenses		7,235,286		7,505,289
Premium taxes, licenses and fees		1,233,570		1,383,576
Total operating expenses		65,305,096		70,400,269
Net operating (loss) income		(1,944,135)		1,191,121
INVESTMENT AND OTHER INCOME (EXPENSE)				
Net investment income		1,230,663		1,186,836
Net realized investment gains, net of income tax		816,972		907,285
Other income (expense)		142,828		(18,693)
Net investment and other income		2,190,463		2,075,428
Income before federal income taxes		246,328		3,266,549
Federal income tax (benefit) expense		(401,583)		466,578
Net income		647,911		2,799,971
Other increases (decreases) in capital and surplus:				
Change in deferred income taxes		207,129		(65,046)
Change in non-admitted deferred tax asset		(526,435)		594,571
Net change in other non-admitted assets		(762,037)		(654,946)
Net change in unrealized gains and losses on investments, net of income tax		(1,817,132)		(1,202,720)
Change in supplemental reserve		89,430		(25,808)
Dividends to stockholder		(1,200,000)		(600,000)
(Decrease) increase in capital and surplus		(3,361,134)		846,022
CAPITAL AND SURPLUS, beginning of year		36,506,836		35,660,814
CAPITAL AND SURPLUS, end of year	$	33,145,702	$	36,506,836

The accompanying notes are an intergral part of these statutory financial statments.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Statutory Statements of Cash Flows
Year Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATIONS		
Premiums and other title insurance service fees collected, net of reinsurance	$ 63,204,521	$ 71,345,974
Net investment income collected	1,821,808	1,860,901
Other income collected	578,002	809,923
Policy claims and loss adjustment expenses paid	(2,833,294)	(2,509,042)
Commissions and other expenses paid	(62,399,601)	(67,257,346)
Federal income taxes paid	(1,003,671)	(416,450)
Interest expense paid	(163,437)	(173,888)
Net cash (used in) provided by operations	(795,672)	3,660,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturity of bonds	15,396,916	10,069,801
Purchases of bonds	(7,499,149)	(12,358,410)
Proceeds from the sale of common stocks	6,352,740	5,306,510
Purchases of common stocks	(5,551,392)	(5,310,755)
Capital contributed to CATIC Insurance (VT), Ltd.	(4,000,000)	-
Purchases of other invested assets	(1,000,000)	-
Purchases of real estate improvements	(50,699)	(262,744)
Purchases of software and equipment	(980,211)	(1,082,205)
Net cash provided by (used in) investing activities	2,668,205	(3,637,803)
CASH FLOWS FROM FINANCING AND OTHER ACTIVITIES		
Repayments of notes payable	(148,855)	(134,817)
Dividends paid to stockholder	(1,200,000)	(600,000)
Net cash used in financing and other activities	(1,348,855)	(734,817)
Net increase (decrease) in cash and short-term investments	523,678	(712,548)
CASH AND SHORT-TERM INVESTMENTS, beginning of year	3,014,723	3,727,271
CASH AND SHORT-TERM INVESTMENTS, end of year	$ 3,538,401	$ 3,014,723
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Non-cash investing and financing activities:		
Accrued capital contribution to CATIC Insurance (VT), Ltd.	$ -	$ 3,000,000

The accompanying notes are an intergral part of these statutory financial statments.

NOTE A - NATURE OF BUSINESS

Connecticut Attorneys Title Insurance Company (a Vermont Corporation) (the "Company") is a wholly-owned subsidiary of CATIC Financial, Inc. ("Financial"). The Company's principal business is providing title insurance on residential and commercial properties in New England.

The Company was formed as a Connecticut Corporation domiciled in the State of Connecticut. On October 1, 2014, the Company redomesticated from the State of Connecticut to the State of Vermont. The redomestication was completed pursuant to written consent of the Company's Board of Directors and sole stockholder, Financial, and with the non-disapproval of the Connecticut Insurance Department. In connection with the redomestication the Company filed an Amended and Restated Articles of Incorporation thereby reincorporating itself as a Vermont Corporation.

The Company owns and operates two wholly-owned subsidiaries: CATIC Acquired Properties, LLC (a Connecticut Limited Liability Company) ("CAP") and CATIC Insurance (VT) Ltd. (a Vermont Domestic Corporation) ("CIVL"). The purpose of CAP is to hold and sell real property received by the Company in the normal course of settling policy claims. CIVL was formed during 2012 as a Vermont captive insurance company for the purpose of providing agent defalcation coverage to the Company and accessing the reinsurance marketplace for such coverage. In March 2014, CIVL formed a separate account for the purpose of reinsuring certain liabilities of New Jersey Title Insurance Company ("NJTIC"), a New Jersey domiciled title insurer wholly-owned by Financial (see Note C).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying 2014 statutory financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Vermont Department of Financial Regulation ("VT DFR"). Prior to redomestication, the Company prepared the 2013 statutory financial statements in conformity with accounting practices prescribed or permitted by the Connecticut Insurance Department.

The VT DFR and the Connecticut Insurance Department have adopted the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* as a component of prescribed statutory accounting practices. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

There are no differences, applicable to the Company, between statutory accounting practices prescribed or permitted by the VT DFR and those prescribed or permitted by the Connecticut Insurance Department. As such, the change in basis of accounting from accounting practices prescribed or permitted by the Connecticut Insurance Department to those prescribed or permitted by the VT DFR had no effect on the accompanying statutory financial statements.

In financial statements prepared in conformity with statutory accounting practices, the accounting treatment of certain items differs from financial statements prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The significant differences between statutory accounting practices and GAAP are described in Note O.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Significant estimates are made by management with regard to the valuation of accounts and other receivables, valuation of deferred income tax assets, and the reserve for known and unknown (IBNR) policy claims and claim adjustment expenses. Actual results may differ from those estimates, and those differences may be material.

Cash and Short-Term Investments

The Company maintains its cash and short-term investments in bank deposit or brokerage accounts at financial institutions, which are periodically reviewed by management for financial stability. These accounts include amounts owned by third parties, such as escrow deposits. Generally, the Company's cash and short-term investments in interest-bearing accounts exceed Federal Deposit Insurance Corporation ("FDIC") depository insurance limits. Should one or more of the financial institutions at which the Company maintains deposits fail, there is no guarantee that the Company would recover the funds it has deposited, whether through FDIC coverage or otherwise. In the event of such failure, the Company could also be held liable for the funds owned by third parties even though such amounts are not considered assets of the Company (Note K). Such events could be disruptive to the Company's business and could adversely affect the Company's liquidity, results of operations and financial condition. The Company has not experienced any losses in such cash accounts or short-term investments.

Accounts Receivable and Revenue Recognition

Accounts receivable are recorded at their estimated realizable value. Amounts greater than 90 days past due are non-admitted and charged directly to surplus. The Company extends credit to agents without requiring collateral. Receivables are written off after all efforts to collect them have been exhausted. Unpaid policy premiums are reported to the various credit rating agencies.

Title insurance premiums are recognized as policies and premiums from agents are received by the Company. Revenue is reported based on 40% of the actual amount of the gross, ratings-approved premiums remitted by Connecticut agents, but negotiated elsewhere. As further described below, a portion of revenues is deferred to the extent necessary to maintain a Statutory Premium Reserve.

Service fee revenue is recognized in the period in which the related service is performed.

Investments

Bonds are reported at amortized cost or fair value based on the rating assigned to the security by the Securities Valuation Office of the National Association of Insurance Commissioners ("NAIC rating"). Bonds with an NAIC rating of 1 or 2 are carried at amortized cost. The Company has no bonds rated 3 through 6. Equity securities are carried at fair value based upon quoted market prices.

The Company's investment in CIVL (a wholly-owned insurance subsidiary) is carried at CIVL's net equity value as reported in CIVL's annual statement filing to its domiciliary insurance commissioner, the VT DFR.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other invested assets consist of an equity interest in an institutional bank loan fund, which is carried at fair value based upon the fund's net asset value, and the Company's investment in CAP, which is carried on the equity method. Changes in the carrying value of other invested assets are recorded as unrealized gains (losses) in the period in which they occur.

Unrealized gains and losses resulting from changes in the valuation of investments carried at fair value and other invested assets are charged or credited directly to surplus. Realized capital gains or losses on the sale of investments are based on specific identification at the time of sale. The amortization of the premium or discount on bonds is recognized using the effective interest method.

The Company regularly evaluates investments for other-than-temporary impairments based on current economic conditions, credit risk experience, intent and ability to hold and other circumstances of the underlying securities. If it is determined that a decline in the fair value of an investment is other-than-temporary, the cost basis of the investment is written down to fair value as a new cost basis and the amount of the write-down is recognized as a realized loss.

Investment income is recorded on the accrual basis. Investment income due and accrued which is 90 days past due is excluded from unassigned surplus. The Company did not exclude any investment income due and accrued from unassigned surplus for the years ended December 31, 2014 and 2013.

Title Plant

Title plant is carried at original cost. The costs of maintaining and updating the title plant are charged to expense as incurred. A properly maintained title plant has an indefinite life and does not diminish in value with the passage of time. Accordingly, there is no provision for depreciation or amortization of title plant. The Company periodically analyzes its title plant for indicators of potential impairment. The Company's impairment analysis includes, but is not limited to, the effects of obsolescence, duplication, demand and other economic factors. No impairment loss on the title plant was recognized during 2014 or 2013.

Capital Assets

The Company capitalizes the cost of individual capital assets or groups of similar assets greater than $1,000. Electronic Data Processing ("EDP") hardware is capitalized and depreciated using the straight-line method over its estimated useful life of three years. The net book value of EDP hardware is presented as an admitted asset in the accompanying statutory statements of admitted assets, liabilities and capital and surplus. Purchased and internally developed EDP software that the Company considers to be non-operating software is non-admitted and depreciated using the straight-line method over the lesser of its useful life or five years once placed in service. Furniture and fixtures are recorded at cost and depreciated using the straight-line method over their estimated useful lives, which range from five to ten years. Furniture and fixtures are non-admitted assets.

Policy Claims and Loss Adjustment Expense Reserves

The Company establishes a liability for all known unpaid policy claims and loss adjustment expenses (known claims reserve) in an amount estimated to be sufficient to cover all costs required to settle reported claims.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Company establishes a Statutory Premium Reserve to defer a portion of gross premiums received. By agreement with the VT DFR, the amount of statutory premium reserve is based on a prescribed formula applied to the net liability retained by the Company, which is then amortized into title insurance premiums earned in accordance with a prescribed schedule.

A supplemental reserve is required to be established when the sum of the Company's known claims reserves plus statutory premium reserve is not sufficient to cover the Company's estimated ultimate losses for all known and incurred but not reported (IBNR) claims and related loss adjustment expenses. The Company develops its estimate of the IBNR claims based upon an actuarial study. Current economic and business trends are also reviewed and used in the reserve analysis. These include real estate and mortgage market conditions, changes in residential and commercial real estate values, and changes in the levels of defaults and foreclosures that may affect claims levels and patterns of emergence, as well as Company-specific factors that may be relevant to past and future claims experience. Results from the analysis include, but are not limited to, a range of IBNR reserve estimates and a single point estimate for the IBNR as of the end of the reporting period. The third-party actuary's analysis uses generally accepted actuarial methods and is used to validate the accuracy of the total of the known claims reserves. The Company uses the central estimate of the projected IBNR from the third-party actuary's analysis, considering it to be the best estimate of the total amount required for the IBNR reserve. As of December 31, 2014 and 2013, a supplemental reserve was recorded for $-0- and $89,430, respectively.

Escrow Funds

In the normal course of business, the Company receives and holds escrow funds for certain transactions or disputes with title. The Company holds these funds as a fiduciary and does not consider them to be assets or liabilities of the Company; therefore, the amounts are not included in the statutory statements of admitted assets, liabilities and capital and surplus.

Leases

Rentals that convey merely the right to use property are charged to expense as incurred.

Advertising and Attorney Promotion

The Company expenses production costs of advertising the first time the advertising takes place. Advertising and attorney promotion expense for the years ended December 31, 2014 and 2013 was $445,284 and $577,034, respectively.

Income and Premium Taxes

Income tax expense includes federal income taxes currently payable and deferred federal income taxes. The Company provides for deferred taxes on temporary differences arising from assets and liabilities whose bases are different for statutory financial reporting and income tax purposes. These differences relate primarily to different loss reserve methods used for statutory financial reporting and income tax purposes and unrealized gains (losses) on investments.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Company records deferred tax assets and liabilities related to the estimated future tax consequences of temporary differences and carryforwards using a balance sheet approach. Gross deferred tax assets are reduced by a statutory valuation allowance if, based on the weight of all available evidence, it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. Adjusted gross deferred tax assets are then admitted in an amount equal to the sum of (i) federal income taxes that can be recovered through loss carry-backs, (ii) the lesser of the amount of deferred tax assets expected to be realized within a period of three years from the date of the statement of admitted assets, liabilities and capital and surplus or 15% of statutory capital and surplus and (iii) the amount that can be offset against gross deferred tax liabilities.

In lieu of state income taxes, the Company pays state premium taxes based on premiums written.

The Company recognizes interest accrued related to unrecognized tax benefits and penalties, if incurred, as a component of income tax expense.

Fair Value Measurements

The Company follows Statutory Statement of Accounting Principles No. 100, *Fair Value Measurements*, which applies under other statutory accounting pronouncements that require or permit fair value measurements. This principle defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This principle permits fair value to be measured using valuation techniques consistent with the market approach, income approach and cost approach, which rely upon observable and unobservable inputs to determine fair value. The valuation techniques used to measure fair value are required to maximize the use of observable inputs and minimize the use of unobservable inputs. This principle establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following summarizes the fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices of identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability and;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

For the years ended December 31, 2014 and 2013, the Company has determined that its assets and liabilities required to be measured at fair value consist solely of common stocks and senior institutional bank loans funds.

NOTE C - INVESTMENTS

Bonds and Common Stocks

Details on carrying value, fair value and amortized cost of bonds and cost of common stock at December 31, 2014 and 2013, follows:

	2014			2013		
	Carrying Value	Fair Value	Amortized cost of bonds/cost of common stock	Carrying Value	Fair Value	Amortized cost of bonds/cost of common stock
Bonds:						
Tax exempt	$ 10,065,485	$ 10,532,291	$ 10,065,485	$ 13,639,340	$ 14,098,049	$ 13,639,340
Government	12,899,972	13,231,310	12,899,972	16,253,806	16,506,978	16,253,806
Corporate	16,769,710	17,193,246	16,769,710	17,827,705	18,179,063	17,827,705
	39,735,167	40,956,847	$ 39,735,167	47,720,851	48,784,090	$ 47,720,851
Common stocks:						
Exchange traded funds	5,885,442	5,885,442	$ 5,725,292	6,311,754	6,311,754	$ 5,484,156
	$ 45,620,609	$ 46,842,289		$ 54,032,605	$ 55,095,844	

Details on unrealized gains and losses of the Company's bonds and common stocks at December 31, 2014 and 2013, is summarized as follows:

	2014		2013	
	Unrealized Gains	Unrealized Losses	Unrealized Gains	Unrealized Losses
Bonds, carried at amortized cost:				
Tax-exempt	$ 481,764	$ (14,958)	$ 560,314	$ (101,605)
Government	372,804	(41,466)	436,537	(183,365)
Corporate	463,906	(40,370)	505,989	(154,631)
	1,318,474	(96,794)	1,502,840	(439,601)
Common stocks, carried at fair value:				
Exchange traded funds	193,782	(33,632)	827,598	-
	$ 1,512,256	$ (130,426)	$ 2,330,438	$ (439,601)

NOTE C – INVESTMENTS - Continued

The following table sets forth, as of December 31, 2014, investments that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer for which other-than-temporary impairments have not been recognized.

	Less than 12 months		Greater than 12 months	
	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
Bonds:				
Tax-exempt	$ (2,405)	$ 247,595	$ (12,553)	$ 1,240,903
Government	(319)	247,910	(41,147)	1,938,763
Corporate	(13,169)	1,988,042	(27,201)	980,077
	$ (15,893)	$ 2,483,547	$ (80,901)	$ 4,159,743
Common stocks:				
Exchange traded funds	$ (33,632)	$ 966,368	$ -	$ -

The following table sets forth the carrying value, fair value and amortized cost of bonds at December 31, 2014 by contractual or expected maturity. Actual maturities will differ from contractual or estimated maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Carrying Value	Fair Value	Amortized Cost
One year or less	$ 3,503,746	$ 3,554,605	$ 3,503,746
One to five years	21,527,962	22,278,470	21,527,962
Five to ten years	12,738,590	13,067,648	12,738,590
After ten years	1,964,869	2,056,124	1,964,869
	$ 39,735,167	$ 40,956,847	$ 39,735,167

As of December 31, 2014 and 2013, bonds with an amortized cost of $598,361 and $427,608, respectively, were pledged as collateral to conduct business in two and three states, respectively; and bonds with an amortized cost of $2,751,065 and $2,803,147, respectively, were pledged as collateral for a note payable to the Federal Home Loan Bank of Boston (Note G).

NOTE C – INVESTMENTS - Continued

The components of net realized investment gains (losses) presented in the accompanying statutory statements of operations and changes in capital and surplus for the years ended December 31, 2014 and 2013 were as follows:

	2014		2013	
	Realized Gains	Realized Losses	Realized Gains	Realized Losses
Bonds:				
Tax-exempt securities	$ 101,213	$ -	$ 62,152	$ -
Government	25,038	(5,408)	35,475	-
Corporate	75,204	(792)	48,295	(33,465)
	201,455	(6,200)	145,922	(33,465)
Common stocks:				
Exchange traded funds	1,042,582	-	1,262,217	-
	$ 1,244,037	$ (6,200)	$ 1,408,139	$ (33,465)
Net realized investment gains	$ 1,237,837		$ 1,374,674	
Current income tax expense related to net realized investment gains	(420,865)		(467,389)	
	$ 816,972		$ 907,285	

Common Stock of CATIC Insurance (VT) Ltd.

The Company capitalized CIVL in 2012 through the transfer of bonds and cash with an aggregate fair value of $2,000,000 at the date of transfer.

On March 7, 2014, CIVL entered into a retroactive reinsurance agreement (the "Retroactive Reinsurance Agreement" or the "Agreement") with NJTIC. Under the terms of the Agreement, CIVL agreed to fully reinsure all of NJTIC's policy liabilities, including all unpaid loss and loss adjustment expenses, all monies escrowed or retained for the account of others in consideration of an NJTIC policy of title insurance being issued, and all monies due under NJTIC's reinsurance contracts. In exchange, NJTIC agreed to transfer to CIVL all of its cash, invested assets and other assets other than those necessary to settle NJTIC's other liabilities and ongoing expenses.

Entry into the Agreement was approved by all of the domiciliary Insurance Commissioners to whose jurisdiction the Company, CIVL and NJTIC are subject with an effective date of December 31, 2013. As such, the effects of the Agreement are reflected in the accompanying statutory financial statements as of and for the year ended December 31, 2013.

NOTE C – INVESTMENTS - Continued

In connection with the Agreement, the Company, subject to conditions imposed by the Connecticut Department of Insurance, agreed to contribute $3,000,000 of capital into CIVL and to segregate $2,000,000 of unassigned surplus for future capital contributions into CIVL in order to maintain capital levels in CIVL sufficient for CIVL to successfully runoff and pay all claims losses, loss adjustment expenses and any and all other obligations assumed from NJTIC. During 2014, the Company contributed capital totaling $1,000,000 into CIVL.

The results of operations and financial position of CIVL are summarized below as of and for the years ended December 31, 2014 and 2013:

	2014	2013
Condensed income statement information:		
Revenues	$ 185,000	$ 208,280
Expenses:		
Policy claims and loss adjustment expenses	2,104,494	1,179,000
Loss on retroactive reinsurance agreement	-	596,539
Other administrative expenses	131,346	42,421
Loss from operations	(2,050,840)	(1,609,680)
Net investment income	32,988	-
Loss before federal income tax benefit	(2,017,852)	(1,609,680)
Federal income tax benefit	(668,090)	(344,437)
Net loss	$ (1,349,762)	$ (1,265,243)
Condensed balance sheet information:		
Assets:		
Cash and invested assets	$ 6,662,141	$ 2,272,098
Receivable from parent	-	3,000,000
Receivable under reinsurance agreement with New Jersey Title Insurance Company	2,384,863	5,114,934
Deferred income taxes	1,276,228	697,295
Other assets	135,943	206,342
	$ 10,459,175	$ 11,290,669
Liabilities:		
Policy claims and loss adjustment expense reserves	$ 6,893,000	$ 7,437,000
Other liabilities	118,702	56,434
	7,011,702	7,493,434
Stockholder's equity	3,447,473	3,797,235
Total liabilities and stockholders' equity	$ 10,459,175	$ 11,290,669

NOTE C – INVESTMENTS - Continued

As of December 31, 2014 and 2013, CIVL has amounts receivable from NJTIC totaling $2,384,863 and $5,114,934, respectively. In March 2014, NJTIC made the first required payment of $2,020,555 to CIVL and in October 2014 made a payment of $709,516 upon receipt of its federal income taxes recoverable for 2013. Under the terms of the Agreement, NJTIC is required to settle the balance due at future dates upon its receipt of proceeds from affiliated entities for use of its net operating loss carry-forwards as required under the group tax-sharing agreement (Note I).

Capital contributions made to CIVL by the Company totaled $1,000,000 and $3,000,000 for the years ended December 31, 2014 and 2013, respectively.

Real Estate

During December 2012, the Company entered into a real estate exchange with its parent, Financial, whereby Financial transferred title to the land, building and building improvements used by the Company as its primary operating facility to the Company. The Company recorded the real estate received in the exchange at fair value, which was determined to be $3,575,000 based upon third-party appraisal. At December 31, 2014 and 2013, the real estate is presented net of outstanding mortgage encumbrance of $1,752,621 and $1,876,203, respectively, in the accompanying statutory statements of admitted assets, liabilities and capital and surplus.

The Company occupies approximately 61% of the real estate as its primary operating facility. The remaining 39% of the real estate is occupied by unrelated, third parties under non-cancelable lease agreements. The following table sets forth the required minimum rental payments due to the Company under the lease agreements for the years ending December 31:

2015	$ 177,668
2016	59,567
2017	61,241
2018	25,808
	$ 324,284

Other Invested Assets

The following table sets forth the components of other invested assets at December 31, 2014 and 2013:

	2014		2013	
	Cost	Carrying Value	Cost	Carrying Value
CATIC Acquired Properites, LLC	$ 15,000	$ 23,825	$ 15,000	$ 23,825
Senior institutional bank loans fund	2,500,000	2,469,060	1,500,000	1,509,804
	$ 2,515,000	$ 2,492,885	$ 1,515,000	$ 1,533,629

NOTE C – INVESTMENTS - Continued

Net Investment Income

Net investment income presented in the accompanying statutory statements of operations and changes in capital and surplus for the years ended December 31, 2014 and 2013 consist of the following:

	2014	2013
Interest and dividend income from:		
Bonds	$ 1,303,127	$ 1,397,611
Common stocks	137,488	140,359
Cash and short term investments	621	847
Other invested assets	83,511	54,985
Rental income – real estate	162,991	102,639
	1,687,738	1,696,441
Interest expense	(165,437)	(173,887)
Investment expenses	(195,171)	(225,516)
Depreciation expense – real estate	(96,467)	(110,202)
	$ 1,230,663	$ 1,186,836

Changes in Unrealized Gains and Losses

The following table reconciles unrealized investment gains and losses at December 31, 2014 and 2013 to changes included in unassigned surplus:

	2014	2013
Common stocks	$ 160,150	$ 827,598
Common stock of CATIC Insurance (VT), Ltd.	(2,552,527)	(1,202,765)
Other invested assets	(22,115)	18,629
	(2,414,492)	(356,538)
Deferred income taxes	(43,932)	(284,754)
Net unrealized losses included in unassigned surplus, net of income taxes	$ (2,458,424)	$ (641,292)
Net change in unrealized losses	$ (1,817,132)	$ (1,202,720)

NOTE C – INVESTMENTS - Continued

Fair Value Measurements

The following table sets forth the Company's invested assets measured at fair value on a recurring basis using Level 1 and Level 2 inputs as of December 31, 2014 and 2013:

	2014		2013	
	Level 1	Level 2	Level 1	Level 2
Common stocks:				
Exchange traded funds	$ 5,885,442	$ -	6,311,754	$ -
Other invested assets:				
Senior institutional bank loans fund	-	2,469,060	-	1,509,804
	$ 5,885,442	$ 2,469,060	$ 6,311,754	$ 1,509,804

NOTE D – CAPITAL ASSETS

The following table sets forth the Company's capital assets at December 31, 2014 and 2013:

	2014	2013
Furniture and fixtures	$ 2,117,677	$ 2,011,396
EDP hardware	1,288,746	1,203,342
EDP non-operating software	736,788	559,060
Internally developed EDP non-operating software	2,477,844	1,693,388
	6,621,055	5,467,186
Less: Accumulated depreciation and amortization	(3,739,114)	(3,224,550)
	2,881,941	2,242,636
Less: Non-admitted capital assets	(2,714,646)	(2,022,613)
	$ 167,295	$ 220,023

The Company recorded depreciation and amortization expense on capital assets totaling $515,564 and $555,156 for the years ended December 31, 2014 and 2013, respectively, included in other general and administrative expense in the accompanying statutory statements of operations and changes in capital and surplus.

NOTE E – KNOWN CLAIMS RESERVE AND STATUTORY PREMIUM RESERVE

Activity affecting the Company's known claims reserve and statutory premium reserve for the years ended December 31, 2014 and 2013 is summarized as follows:

	2014	2013
Known claims incurred related to:		
Current year	$ 152,536	$ 155,496
Prior years	3,510,380	2,196,199
	3,662,916	2,351,695
Known claims paid related to:		
Current year	156,095	69,797
Prior years	2,677,199	2,439,245
	2,833,294	2,509,042
Net increase (decrease) in liability	829,622	(157,347)
Known claims reserve - beginning of year	1,570,511	1,727,858
Known claims reserve - end of year	$ 2,400,133	$ 1,570,511

	2014	2013
Deferral of current year title insurance premiums	$ 2,517,090	$ 2,927,578
Recognition of prior year deferred title insurance premiums	(2,284,392)	(2,127,945)
Net increase in liability	232,698	799,633
Statutory premium reserve - beginning of year	19,427,059	18,627,426
Statutory premium reserve - end of year	$ 19,659,757	$ 19,427,059

The nature of title insurance makes its claims experience particularly sensitive to economic events such as changes in interest rates or declines in home sales. Events such as mortgage fraud and agent defalcations have been on the rise, and if this trend continues, they can substantially and unexpectedly cause increases in estimates of losses. These risk factors, coupled with the variability that is inherent in any unpaid claim estimate, could result in a material deviation from the net unpaid claims.

NOTE F - REINSURANCE

Reinsurance Ceded

The Company cedes and assumes title policy risks to and from other insurance companies in order to limit and diversify its risk. Due to statutory regulatory restraints, the Company is restricted to purchasing reinsurance from other title insurance companies unless such reinsurance is not commercially feasible. Beginning January 1, 2012, the Company joined four other regional title insurers in a risk purchasing group called the American Title Reinsurance Association (ATRA). Through an arrangement between insurance brokers located in the United States and the United Kingdom, ATRA acquired individual treaties with five Lloyd's syndicates. Under these treaties, CATIC retains the first $1 million of every policy risk and cedes the next $9 million in excess of $1 million to the syndicates. CATIC retains risk above $10 million to $20 million and facultatively reinsures any risk above $20 million.

The Company has not suffered any losses that would have pierced the reinsured layers and therefore has not recovered any losses through reinsurance during the years ended December 31, 2014 and 2013. The Company has incurred (recovered) $3,144 and $(23,114) in reinsurance losses, and paid $250 and $20,935 during the years ended December 31, 2014 and 2013, respectively. The recovery recorded in 2013 was the result of changes in estimates related to assumed exposures in prior years. The total amount of premiums for assumed and ceded risks was less than 1% of title insurance premiums.

Reinsurance Assumed

Effective for policies with insurance dates of January 1, 2012 and forward, under the ATRA assumption agreement, the Company assumes 30% of the ATRA group's losses in excess of certain retention limits ranging from $250,000 to $1,000,000 up to a maximum of $3 million per occurrence. Under the assumption agreement, CATIC is not exposed to its own losses ceded to ATRA and is not exposed to losses in excess of $3 million per occurrence. There were no losses in excess of each individual underwriter's retention level during 2014 or 2013.

NOTE G - DEBT

Notes Payable

The Company is a member of the Federal Home Loan Bank of Boston (FHLBB). Through its membership, on February 18, 2009, the Company borrowed $2.6 million from the FHLBB, for ten years at a fixed rate of 4.58%. The loan requires monthly payments of interest only through January 2019, with the outstanding principal balance totaling $2.6 million due in February 2019. The loan is collateralized by certain bonds on deposit with the FHLBB (Note C). The proceeds from this loan were used to partially fund a dividend paid by the Company to Financial in March 2009. Interest expense totals $120,734 for the years ended December 31, 2014 and 2013, and is included in net investment income in the accompanying statements of operations and changes in capital and surplus.

NOTE G – DEBT - Continued

As further described in Note C, the Company is obligated under a mortgage note on the Company's primary operating facility in the amount of $2,022,255, requiring monthly payments of principal and interest and a final payment of principal and any accrued interest outstanding on June 1, 2016. The mortgage note carries a variable interest rate equal to LIBOR plus 2.5% (2.67% at December 31, 2014) and is collateralized by the Company's real estate investment. As of December 31, 2014 and 2013, the outstanding balance of the mortgage obligation totals $1,752,621 and $1,876,203, respectively, and is presented as an encumbrance of the related real estate on the statement of admitted assets, liabilities and capital and surplus. Interest expense for the years ended December 31, 2014 and 2013 totals $44,703 and $53,154, respectively, and is included in net investment income in the accompanying statements of operations and changes in capital and surplus.

The Company financed purchases of equipment under term loans maturing at various dates through 2016 and requiring monthly payments of principal and interest. The aggregate outstanding balance under the term loans totaling $16,389 and $41,662 as of December 31, 2014 and 2013 is included in accounts payable and accrued expenses in the accompanying statutory statements of admitted assets, liabilities and capital and surplus.

The following table sets forth required payments of principal due under the terms of the Company's notes payable for the years ending December 31:

2015	$ 151,209
2016	1,617,801
2017	-
2018	-
2019	2,600,000
Thereafter	-
	$ 4,369,010

NOTE H - 401(k) SAVINGS AND PROFIT-SHARING PLAN

The Company has a 401(k) savings and profit-sharing plan that covers substantially all employees subject to age and service requirements. The Company matches a portion of each employee's contributions to the plan and may also provide for additional, discretionary profit-sharing contributions at the sole discretion of the Board of Directors Compensation Committee. Company contributions to the 401(k) plan for the years ended December 31, 2014 and 2013 totaled $333,731 and $633,976, respectively.

NOTE I - INCOME TAXES

Income tax (benefit) expense applicable to net income and other changes in capital and surplus were as follows:

	2014	2013
Applicable to net income:		
Current federal income tax (benefit) expense	$ (14,557)	$ 969,931
Other	33,839	(35,964)
	19,282	933,967
Included in net realized investment gains	(420,865)	(467,389)
	(401,583)	466,578
Applicable to other changes in capital and surplus:		
Change in unrealized gains on investments	(240,822)	29,028
Changes in non-admitted deferred taxes	526,435	(594,571)
Other changes in deferred income taxes	(207,129)	65,044
	78,484	(500,499)
Income tax benefit applicable to net income and other changes in capital and surplus	$ (323,099)	$ (33,921)

Income tax expense applicable to net income and other changes in capital and surplus, excluding changes in non-admitted deferred income tax assets, differs from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing the difference are as follows:

	2014		2013	
	Amount	Percent	Amount	Percent
Provision, computed at statutory rate	$ (24,813)	34 %	$ 1,269,514	34 %
Tax-exempt interest and dividends	(102,206)	140	(122,941)	(3)
Other permanent differences	51,508	(71)	81,411	2
Deferred income tax on unrealized gains and losses	(240,822)	330	29,028	1
Change in statutory valuation reserve	(187,246)	256	(293,782)	(8)
Other	74,910	(102)	64,809	1
	(428,669)	587 %	1,028,039	27 %
Included in net realized investment gains	(420,865)		(467,389)	
Increase (decrease) in non-admitted deferred income tax assets	526,435		(594,571)	
Income tax expense applicable to net income and other changes in capital and surplus	$ (323,099)		$ (33,921)	

NOTE I - INCOME TAXES - Continued

Deferred income tax assets and liabilities arising from temporary differences between statutory accounting income and taxable income and the tax character of such differences consisted of the following at December 31, 2014 and 2013:

	2014	2013
Deferred income tax assets:		
Ordinary:		
Discounting of statutory premium reserve and disallowed claims	$ 1,508,907	$ 1,407,195
Net operating loss carry-forwards	1,030,301	1,024,871
Compensated absences and retirement contracts	42,093	104,350
Alternative minimum tax credit carry-forwards	17,160	17,154
Other	-	11,572
Gross deferred tax assets	2,598,461	2,565,142
Statutory valuation allowance	(374,514)	(187,268)
Adjusted gross deferred tax assets	2,223,947	2,377,874
Non-admitted deferred income tax assets	(987,335)	(460,900)
Gross admitted deferred income tax assets	1,236,612	1,916,974
Deferred income tax liabilities:		
Ordinary:		
Prepaid expenses	74,300	52,364
Depreciation	171,365	554,357
	245,665	606,721
Capital:		
Unrealized gains on investments charged to capital and surplus	43,932	284,754
Total deferred income tax liabilities	289,597	891,475
Net admitted deferred income tax assets	$ 947,015	$ 1,025,499

As of December 31, 2014 and 2013 the Company has non-admitted deferred income tax assets totaling $987,335 and $460,900, respectively, representing the portion of its net deferred income tax assets not expected to be realized within three years of December 31, 2014. As of December 31, 2014, the Company had the following net operating loss carry-forwards available for tax purposes:

Origination date	Expiration date	Amount
2010	2030	$ 3,014,326

As of December 31, 2014, the Company has no federal income taxes incurred in prior years available for recoupment in the event of future losses.

NOTE I - INCOME TAXES - Continued

The Company is subject to federal income tax as well as income tax of certain state jurisdictions. As of December 31, 2014, the Company's federal and state tax filings for the years 2011 through 2013 remain open to examination by tax authorities.

The Company is included in a consolidated federal income tax return with Financial and its other subsidiaries. The Company has a written tax agreement, approved by its Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is party to the consolidation. Pursuant to this agreement, the Company has the right to recover federal income taxes paid in prior years in the event of net losses that it may incur, or to recover federal income taxes from its net losses carried forward, which offset future net income subject to federal income taxes. During 2014, the Company recorded amounts recoverable from affiliated entities included in the consolidated federal income tax return totaling $10,200. During 2013, the Company recorded amounts payable to affiliated entities included in the consolidated federal income tax return totaling $969,931.

The following entities are included in the consolidated federal income tax return:

CATIC Financial, Inc.
Connecticut Attorneys Title Insurance Company (designated tax parent)
CATIC Acquired Properties, LLC
CentricPro Management Services, Inc.
CATIC Exchange Facilitator, Inc.
CATIC Insurance, Ltd.
Eastern Attorneys Services, Inc.
New Jersey Title Insurance Company
CATIC Insurance (VT), Ltd.

NOTE J - DIVIDENDS

During the years ended December 31, 2014 and 2013, the Company paid dividends to its sole shareholder, Financial, totaling $1,200,000 and $600,000, respectively. The Company's ability to pay dividends to Financial, without prior written consent of the VT DFR, is limited by the laws of the State of Vermont. Under such laws, the Company may pay dividends in an amount equal to the lesser of a) 10% of its statutory capital and surplus as of the preceding year-end or b) the aggregate amount of net income, less realized capital gains and dividends paid during the preceding three-year period. As filed with the VT DFR, the Company reported statutory capital and surplus of $33,145,702 as of December 31, 2014 and the aggregate amount of net income, less realized capital gains and dividends paid during the preceding three-year period totaled approximately $26,000. Therefore, any dividend greater than $26,000 would be considered an extraordinary dividend during 2015.

NOTE K - ESCROW AND REVERSE LIKE-KIND EXCHANGE TRANSACTIONS

The Company administers escrow and trust deposits representing undisbursed amounts received for indemnities against specific title risks. The amount of escrow assets being held by the Company totaled $5,657,136 and $5,427,093 at December 31, 2014 and 2013, respectively. The escrow amounts are not considered assets or liabilities of the Company and are, therefore, excluded from the accompanying statutory statements of admitted assets, liabilities and capital and surplus.

NOTE L - LEASES

The Company leases office equipment through non-cancelable lease agreements expiring on various dates through 2022. Total rent expense totaled $370,047 and $310,800 in 2014 and 2013, respectively. Rent expense is recorded in other general and administrative expenses in the accompanying statutory statements of operations and changes in capital and surplus.

Future minimum lease payments under operating leases are as follows:

2015	$	549,590
2016		335,229
2017		270,234
2018		209,544
2019		213,388
Thereafter		298,773
	$	1,876,758

NOTE M - RELATED PARTY TRANSACTIONS

At December 31, 2014 and 2013, the Company reported amounts receivable from parents, subsidiaries and affiliates of $10,200 and $6,048, respectively. The terms of settlement of balances due to/from parents, subsidiaries and affiliates require that amounts be settled within 75 days of the month-end in which they arose. There were no receivables over 90-days past due from parents, subsidiaries or affiliates as of December 31, 2014 and 2013. As of December 31, 2014 and 2013, the Company reported amounts payable to its parent, subsidiaries and affiliates totaling $48,499 and $3,974,517 (including $3,000,000 payable to CIVL as disclosed in Note C), respectively.

The Company has entered into an agreement with CATIC Exchange Solutions, Inc. (d/b/a CentricPro), a wholly-owned subsidiary of Financial, whereby CentricPro pays the Company a fixed monthly fee in exchange for management and other services and coverage under certain property-casualty insurance policies. Pursuant to this agreement, the Company received payments from CentricPro totaling $29,700 and $24,024 during 2014 and 2013, respectively, which are included in other general and administrative expenses in the accompanying statutory statements of operations and changes in capital and surplus.

NOTE M - RELATED PARTY TRANSACTIONS - Continued

The Company entered into an agreement with Eastern Attorney's Services, Inc. (EASI) a wholly-owned subsidiary of Financial, whereby EASI pays the Company a fixed monthly fee in exchange for management and other services including finance and accounting services, legal consultation and coverage under certain property-casualty insurance policies. Pursuant to this agreement the Company received payments from EASI totaling $24,348 and $27,037 during 2014 and 2013, respectively, which are included in other general and administrative expenses in the accompanying statutory statements of operations and changes in capital and surplus.

The Company has entered into an agreement with Financial, whereby Financial pays the Company a fixed monthly fee in exchange for management and other services and coverage under certain property-casualty insurance policies. Pursuant to this agreement, the Company received payments from Financial totaling $152,076 and $261,684 during 2014 and 2013, respectively, which are included in other general and administrative expenses in the accompanying statutory statements of operations and changes in capital and surplus.

The Company had an agreement with NJTIC, whereby NJTIC paid the Company a fixed monthly fee in exchange for management and other services and coverage under certain property-casualty insurance policies. Pursuant to agreement with the New Jersey Department of Banking and Insurance, the Company rendered such services during 2014 and 2013 at no cost.

As described in Note C, the Company has an investment in CIVL, which has entered into a reinsurance agreement with NJTIC.

Certain agents of the Company are also stockholders of Financial. Agents receive title insurance commissions in the ordinary course of business. During the periods covered by these statements, no agent received commissions of more than one percent of total commissions paid by the Company. There were no amounts loaned to any directors, officers or stockholders during the two years covered by these statutory financial statements.

The Board of Directors has established CATIC Foundation, Inc. (the "Foundation"). No contributions to the Foundation have been made during 2014 or 2013. The Foundation is managed by a President, who is a former director of the Company, and by a non-director treasurer, and is administered by an independent Board of Directors. However, three of the five directors are also current Board members of the Company, and the Foundation's treasurer is an officer of the Company.

NOTE N - LITIGATION

In the ordinary course of business, claims have been made against the Company. Certain of the claims are insured but subject to varying deductibles and certain claims may be uninsured. The amount of liability, if any, from these claims cannot be estimated at this time, but management is of the opinion that the outcome of the claims will not have a material effect on the Company's financial position or operations.

NOTE O - DIFFERENCES BETWEEN STATUTORY ACCOUNTING PRACTICES AND GAAP (UNAUDITED)

The significant differences between statutory accounting practices and GAAP affecting the Company consist primarily of the following:

- *Investments*: Under statutory accounting practices, debt securities are reported at amortized cost or fair value based on their Securities Valuation Office of the National Association of Insurance Commissioners rating; whereas under GAAP, debt securities are classified as either held-to-maturity and are carried at cost, net of amortization, or as available-for-sale and are carried at fair value. Under GAAP, unrealized gains and losses, calculated as the difference between the fair value and amortized cost of the available-for-sale portfolio, are included in accumulated other comprehensive income net of taxes, a component of stockholders' equity.

- *Non-admitted Assets:* Under statutory accounting practices, certain assets designated as "non-admitted," are excluded from the statutory statements of admitted assets, liabilities and capital and surplus and directly charged or credited to unassigned surplus. Under statutory accounting practices, receivables over 90 days past due are non-admitted, whereas under GAAP, such receivables would be recorded as an asset net of specific reserves. Under statutory accounting practices, prepaid expenses are non-admitted, whereas under GAAP, prepaid expenses would be recorded as an asset and amortized over the periods during which the related benefit is realized. Under statutory accounting practices, certain furniture and equipment are non-admitted, whereas under GAAP, furniture and equipment would be recorded at cost and depreciated over its estimated useful life.

- *Reserve for Incurred but Not Reported Losses:* Under statutory accounting practices, the Company defers a portion of gross premiums received based on a statutorily prescribed formula applied to the net liability retained by the Company, which is then amortized into income in accordance with a statutorily prescribed schedule, whereas under GAAP, the Company provides for title insurance losses based upon its historical experience by a charge to expense when the related premium revenue is recognized.

- *Deferred Federal Income Taxes:* Under statutory accounting practices, deferred federal income taxes are subject to limitation, but are provided for based on differences between statutory and tax income with the change in the asset or liability charged or credited to surplus, whereas under GAAP, deferred federal income taxes are fully recognized, subject to an assessment of recoverability, and recorded through income.

- *Cash Flows:* Under statutory accounting practices, cash and short-term investments include investments with maturities of one year or less at the date of acquisition for purposes of the statutory statement of cash flows, whereas under GAAP, cash and cash equivalents include investments with original maturities of three-months or less at the acquisition date for purposes of the statement of cash flows.

- *Real Estate:* Under statutory accounting practices, transfers of real estate from an affiliated entity are at fair value. Under GAAP, transfers of real estate from an affiliated entity are recorded at book value.

NOTE O - DIFFERENCES BETWEEN STATUTORY ACCOUNTING PRACTICES AND GAAP (UNAUDITED) - Continued

A reconciliation of the significant differences between the balances and transactions reported in these statutory financial statements and what would otherwise have been reported under GAAP as of and for the years ended December 31, 2014, and 2013, is as follows:

	Capital and Surplus		Net Income	
	2014	2013	2014	2013
Investments at amortized cost, not fair value	$ 360,753	$ 128,363	$ 1,349,769	$ (115,610)
Bad debt reserve on receivables	(365,627)	(357,000)	8,627	25,950
Federal income taxes recoverable	(863,027)	(542,378)	113,483	76,309
Incurred but not reported losses	1,289,199	-	1,378,629	-
Non-admitted assets:				
Receivables	378,810	495,029	-	-
Prepaid expenses	398,600	185,944	-	-
Deferred income taxes	987,335	460,900	-	-
Electronic data processing equipment and software	2,052,004	1,414,135	-	-
Furniture and fixtures	662,642	634,913	-	-
Deposits	47,076	47,076	-	-
Change in capital and surplus/net income	4,947,765	2,466,982	2,850,508	(13,351)
Capital and surplus/net income under statutory accounting practices	33,145,702	36,506,836	647,911	2,799,971
Stockholder's equity/net income under GAAP	$ 38,093,467	$ 38,973,818	$ 3,498,419	$ 2,786,620

NOTE P - SUBSEQUENT EVENTS

On March 25, 2015, the Company settled its existing mortgage obligation to a commercial bank totaling $1,721,988 using proceeds obtained through a lending arrangement entered into with the Federal Home Loan Bank (FHLB). The principal amount borrowed totals $1,725,000, bears a fixed interest of 2.79%, and requires monthly payments of principal and interest totaling $11,773.74 through April 1, 2030. The Company placed an additional $1,950,000 of bonds in custody with the FHLB as collateral for the borrowing.

Subsequent events were evaluated through April 14, 2015, which is the date the statutory financial statements were available to be issued. No other events occurred after the date the Company filed its Amended Annual Statement with the VT DFR and on or before April 14, 2015 that required adjustment to or disclosure in the statutory financial statements.

SUPPLEMENTAL INFORMATION

51268201428500100

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2014

(To Be Filed by April 1)

Of The Connecticut Attorneys Title Insurance Company Insurance Company

Address (City, State, Zip Code) 101 Corporate Place, Rocky Hill, CT 06067

NAIC Group Code 4255 NAIC Company Code 51268 Employer's ID Number 06-1629891

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 59,110,193

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	CATIC Ins. (VT) Ltd	Investment in Subsidiary	$ 3,447,472	5.832 %
2.02	Eaton Vance Bank Loans	Variable Interest Investment	$ 2,469,060	4.177 %
2.03	SPDR Trust Series 1	Exchange Traded Fund	$ 2,373,987	4.016 %
2.04	Vanguard High Dividend Yield Fund	Exchange Traded Fund	$ 2,371,188	4.011 %
2.05	MFS International Value Fund	Exchange Traded Fund	$ 966,368	1.635 %
2.06	Raleigh, NC	Municipal Bond	$ 547,573	0.926 %
2.07	Denver, CO Cty & Cnty Schl Dist	Municipal Bond	$ 539,452	0.913 %
2.08	Florida ST	Municipal Bond	$ 520,956	0.881 %
2.09	Public Service Colorado	Corporate Bond	$ 517,941	0.876 %
2.10	King Cnty, WA	Municipal Bond	$ 516,601	0.874 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 39,900,329	67.502 %	3.07	P/RP-1	$ 0	0.000 %
3.02	NAIC 2	$ 1,823,204	3.084 %	3.08	P/RP-2	$ 0	0.000 %
3.03	NAIC 3	$ 0	0.000 %	3.09	P/RP-3	$ 0	0.000 %
3.04	NAIC 4	$ 0	0.000 %	3.10	P/RP-4	$ 0	0.000 %
3.05	NAIC 5	$ 0	0.000 %	3.11	P/RP-5	$ 0	0.000 %
3.06	NAIC 6	$ 0	0.000 %	3.12	P/RP-6	$ 0	0.000 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

4.02	Total admitted assets held in foreign investments	$ 3,816,327	6.456 %
4.03	Foreign-currency-denominated investments	$ 0	0.000 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.000 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC 1	$ 3,816,327	6.456 %
5.02	Countries designated NAIC 2	$ 0	0.000 %
5.03	Countries designated NAIC 3 or below	$ 0	0.000 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
6.01	Country 1: Australia	$ 1,007,577	1.705 %
6.02	Country 2: Switzerland	$ 859,772	1.455 %
	Countries designated NAIC 2:		
6.03	Country 1:	$ 0	0.000 %
6.04	Country 2:	$ 0	0.000 %
	Countries designated NAIC 3 or below:		
6.05	Country 1:	$ 0	0.000 %
6.06	Country 2:	$ 0	0.000 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$ 0	0.000 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC 1	$ 0	0.000 %
8.02	Countries designated NAIC 2	$ 0	0.000 %
8.03	Countries designated NAIC 3 or below	$ 0	0.000 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
9.01	Country 1:	$ 0	0.000 %
9.02	Country 2:	$ 0	0.000 %
	Countries designated NAIC 2:		
9.03	Country 1:	$ 0	0.000 %
9.04	Country 2:	$ 0	0.000 %
	Countries designated NAIC 3 or below:		
9.05	Country 1:	$ 0	0.000 %
9.06	Country 2:	$ 0	0.000 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01	Rio Tinto Fin USA Ltd	1FE	$ 507,321	0.858 %
10.02	Westpac Banking Corp	1FE	$ 500,256	0.846 %
10.03	BP Capital MArkets PLC	1FE	$ 500,046	0.846 %
10.04	Teva Pharm Fin IV BV	1FE	$ 498,678	0.844 %
10.05	Credit Suisse NY	1FE	$ 469,563	0.794 %
10.06	Rabobank Nederland UTR	1FE	$ 451,582	0.764 %
10.07	UBS AG Stamford CT	1FE	$ 390,209	0.660 %
10.08	STATOIL USA	1FE	$ 249,828	0.423 %
10.09	Barclays Bank PLC	1FE	$ 248,844	0.421 %
10.10			$ 0	0.000 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$ 0	0.000 %
11.03	Canadian-currency-denominated investments	$ 0	0.000 %
11.04	Canadian-denominated insurance liabilities	$ 0	0.000 %
11.05	Unhedged Canadian currency exposure	$ 0	0.000 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]
If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$ 0	0.000 %
	Largest three investments with contractual sales restrictions:		
12.03		$ 0	0.000 %
12.04		$ 0	0.000 %
12.05		$ 0	0.000 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02	CATIC Ins. (VT) Ltd	$ 3,447,472	5.832 %
13.03	SPDR Trust Series 1	$ 2,373,987	4.016 %
13.04	Vanguard High Dividend Yield Fund	$ 2,371,188	4.011 %
13.05	MFS International Value Fund	$ 966,368	1.635 %
13.06	Federal Home Loan Bank	$ 173,900	0.294 %
13.07		$ 0	0.000 %
13.08		$ 0	0.000 %
13.09		$ 0	0.000 %
13.10		$ 0	0.000 %
13.11		$ 0	0.000 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$ 0	0.000 %

Largest three investments held in nonaffiliated, privately placed equities:

14.03		$ 0	0.000 %
14.04		$ 0	0.000 %
14.05		$ 0	0.000 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$ 0	0.000 %

Largest three investments in general partnership interests:

15.03		$ 0	0.000 %
15.04		$ 0	0.000 %
15.05		$ 0	0.000 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$ 0	0.000 %
16.03		$ 0	0.000 %
16.04		$ 0	0.000 %
16.05		$ 0	0.000 %
16.06		$ 0	0.000 %
16.07		$ 0	0.000 %
16.08		$ 0	0.000 %
16.09		$ 0	0.000 %
16.10		$ 0	0.000 %
16.11		$ 0	0.000 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$ 0	0.000 %
16.13	Mortgage loans over 90 days past due	$ 0	0.000 %
16.14	Mortgage loans in the process of foreclosure	$ 0	0.000 %
16.15	Mortgage loans foreclosed	$ 0	0.000 %
16.16	Restructured mortgage loans	$ 0	0.000 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	Loan-to-Value	Residential		Commercial		Agricultural	
		1	2	3	4	5	6
17.01	above 95%	$ 0	0.000 %	$ 0	0.000 %	$ 0	0.000 %
17.02	91% to 95%	$ 0	0.000 %	$ 0	0.000 %	$ 0	0.000 %
17.03	81% to 90%	$ 0	0.000 %	$ 0	0.000 %	$ 0	0.000 %
17.04	71% to 80%	$ 0	0.000 %	$ 0	0.000 %	$ 0	0.000 %
17.05	below 70%	$ 0	0.000 %	$ 0	0.000 %	$ 0	0.000 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02	Corporate Offices - 101 Corporate Place, Rocky Hill, CT 06067	$ 1,614,804	2.732 %
18.03		$ 0	0.000 %
18.04		$ 0	0.000 %
18.05		$ 0	0.000 %
18.06		$ 0	0.000 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$ 0	0.000 %

Largest three investments held in mezzanine real estate loans:

19.03		$ 0	0.000 %
19.04		$ 0	0.000 %
19.05		$ 0	0.000 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-end 1	At Year-end 2	At End of Each Quarter 1st Qtr 3	2nd Qtr 4	3rd Qtr 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$ 0	0.000 %	$ 0	$ 0	$ 0
20.02 Repurchase agreements	$ 0	0.000 %	$ 0	$ 0	$ 0
20.03 Reverse repurchase agreements	$ 0	0.000 %	$ 0	$ 0	$ 0
20.04 Dollar repurchase agreements	$ 0	0.000 %	$ 0	$ 0	$ 0
20.05 Dollar reverse repurchase agreements	$ 0	0.000 %	$ 0	$ 0	$ 0

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned 1	Owned 2	Written 3	Written 4
21.01 Hedging	$ 0	0.000 %	$ 0	0.000 %
21.02 Income generation	$ 0	0.000 %	$ 0	0.000 %
21.03 Other	$ 0	0.000 %	$ 0	0.000 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end 1	At Year-end 2	At End of Each Quarter 1st Qtr 3	2nd Qtr 4	3rd Qtr 5
22.01 Hedging	$ 0	0.000 %	$ 0	$ 0	$ 0
22.02 Income generation	$ 0	0.000 %	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.000 %	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.000 %	$ 0	$ 0	$ 0

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-end 1	At Year-end 2	At End of Each Quarter 1st Qtr 3	2nd Qtr 4	3rd Qtr 5
23.01 Hedging	$ 0	0.000 %	$ 0	$ 0	$ 0
23.02 Income generation	$ 0	0.000 %	$ 0	$ 0	$ 0
23.03 Replications	$ 0	0.000 %	$ 0	$ 0	$ 0
23.04 Other	$ 0	0.000 %	$ 0	$ 0	$ 0